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APPENDIX "B"

DISCUSSION

1. The function of monitoring press and propaganda broadcasts of foreign powers is an overt means of obtaining intelligence information of use to the intelligence agencies of State, War and Navy Departments.

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2. This function was originally undertaken by [REDACTED] under the FCC early in 1941 as a result of recommendations made by the Defence communications Board.

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3. The [REDACTED] was organized functionally into: an office of the Director which gave general supervision to the service; a Monitoring Division responsible for preparing the monitoring schedule for all [REDACTED] stations and of providing excerpts from programs monitored near Washington; a Publications Division responsible for preparing and issuing reports on incoming broadcasts for rapid distribution to government agencies requesting them and for maintaining a central background file; an Administrative Services Division responsible for mimeographing, collating, and distributing the processed reports; and a field organization responsible for operating field stations located at strategic points for interception of foreign broadcasts not monitored in the Washington area. In addition, the

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4. The War Department was informed in December 1945 that the FCC was in process of liquidating the [REDACTED] The War Department thereupon expanded its monitoring program to meet the need arising from this liquidation. The War Department employed former [REDACTED] personnel, effective 30 December 1945, and has since acquired by transfer all [REDACTED] facilities, including those held by lease or contract. The War Department arranged for the renegotiation of outstanding leases and contracts.

5. The function of monitoring foreign press and propaganda broadcasts should be continued since it is of value to the intelligence agencies of the State, War, Navy, and other government departments. Based upon a survey, the Department of State appears to have the greatest use for the product of such monitoring. The necessary budget arrangements to maintain this function should be made for the Fiscal Year 1947. The War Department is the only agency now prepared to undertake this budget problem and it has included the necessary funds in its budget requirements.

6. It appears that the [REDACTED] organization carrying on the former functions of the [REDACTED] under War Department direction should be liquidated for the following reasons:

a. Its reports are circulated too generally to organizations and individuals, including foreign agencies. In order that proper intelligence direction may be given to its activities, its product should be restricted to authorized intelligence agencies of the Federal government.

b. The personnel of the organization have not been screened for security. Adequate screening is essential, since disclosure of the direction given to the activities of the organization would be detrimental to this Nation's interests and security.

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7. The present organization should be supplanted by a new organization capable of performing the monitoring function required by authorized intelligence agencies of the Federal government.

8. Central direction of the monitoring effort should be given in order to insure that the specific needs of all proper recipients are considered. This direction can be given by the Director of Central Intelligence, advised by a committee including a coordinator from the Central Intelligence Group and members from A-2, G-2, State, and ONI.

9. Under such central direction, any of the three departments concerned could operate the monitoring, editing and distributing of the press and propaganda broadcasts of foreign powers.

a. However, certain preliminary steps would be required before State or Navy could undertake the operation, including:

(1) Provision for the necessary administration and supply;

(2) Transfer of the budget from War Department to the department which would take over the operation;

(3) Arrangements for the necessary communication facilities between the field and Washington;

(4) Screening of personnel for security purposes, including any members of the present organization who may be re-employed in the new organization.

b. Continued operation by the War Department would require only screening of the personnel.

10. Operation by the Central Intelligence Group (as distinguished from central direction of effort) would require that the same steps outlined under 9 a, above, be taken, with particular emphasis on arrangements for administration and supply.

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11. Paragraph 3 c, of the President's letter of January 22 requires the Director of Central Intelligence to perform, for the benefit of intelligence agencies of the State, War and Navy Departments, "such services of common concern as the National Intelligence Authority determines can be more efficiently accomplished centrally." It appears clear that direction of monitoring effort for the benefit of these intelligence agencies can be accomplished more efficiently centrally. However, with regard to efficiency of actual operation, little evidence can be found to justify a conclusion that operation by the Central Intelligence Group would be more efficient than operation by one of the departments. In any event, the evidence is not strong enough to justify the establishment of the required overhead facilities in the Central Intelligence Group, duplicating those already existing in other agencies. The following comments on relative efficiency also apply:

a. Lack of organic communication facilities militates against efficient and economical operation by the State Department.

b. Lack of direct staff control of monitoring facilities by ONI militates against efficient operation by the Navy Department.

c. Lack of organic communication facilities and established overhead facilities militates against efficient and economical operation by the Central Intelligence Group. Moreover, it appears that the C.I.G. is not legally authorized to assume the contractual obligations involved.

d. Considering that the War Department has none of the lacks specified in a to c above, it is believed that operation of the function by the War Department would be somewhat more efficient and economical than by any other agency.